

Guiding Principles for Sales and Use Taxes Regarding Non-Tax Agreement Indian Tribes and Their Members

The following guiding principles are based on current federal law as applied to circumstances in Michigan and are subject to change as the law continues to develop. The principles are intended to assist in determining whether a transaction is taxable or exempt, however, actual determination will be made upon receipt of an appropriately completed form 4765 or 4766).

Sales Tax –

Michigan's sales tax does not apply to sales made by a retail store wholly owned by a federally recognized Indian tribe, or one of its members, where the business is located, and the transaction occurs, within that tribe's own Indian Country (as defined in 18 U.S.C. 1151).

Michigan's sales tax does apply to sales made by non-Indian owned retailers to members of a federally recognized Indian tribe where the transaction occurs within Michigan (including within the Tribe's Indian Country).

Michigan's sales tax does not apply to sales made by non-Indian owned retailers to a federally recognized Indian tribe where the transaction occurs within the Tribe's own Indian Country and the item sold is used by the purchasing Tribe for an essential government function.

Michigan's sales tax does apply to sales made by non-Indian owned retailers to a federally recognized Indian tribe where the transaction occurs within Michigan (including within the Tribe's Indian Country) where the use is not for an essential government function.

Use Tax –

Michigan's use tax does not apply to a federally recognized Indian tribe, or their resident members, where the tangible personal property is purchased and solely used, stored or consumed inside of their own Indian Country.

Michigan's use tax does apply to a federally recognized Indian tribe, and their members, where the tangible personal property is at any time used, stored or consumed in Michigan but outside of their own Indian Country.